

Application # [REDACTED] 3865

Secured Home Disaster Loan

U.S. Small Business Administration

LOAN AUTHORIZATION AND AGREEMENTDate: January 9, 2018

On the above date, this Administration (SBA) authorized (under Section 7(b) of the Small Business Act, as amended) a Loan (Loan Number DLH [REDACTED] 7005) to ERIC C. BRICE (Borrower) of PO BOX 3462, FREDERIKSTED, VI 00841 in the amount of One Hundred Twenty-One Thousand Seven Hundred And 00/100 (\$121,700.00) Dollars upon the following conditions:

1. PAYMENT TERMS

- A. Interest will accrue at the rate of 1.750% per annum; installment payments, including principal and interest, of Four Hundred Fifty-Three And 00/100 (\$453.00) Dollars monthly, will begin One (1) year from the date of the promissory Note. The balance of principal and interest will be payable Thirty (30) years from the date of the promissory Note.
- B. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal.
- C. Each payment will be made when due even if at that time the full amount of the Loan has not yet been advanced or the authorized amount of the Loan has been reduced.
- D. Interest will accrue only on funds actually advanced from the date(s) of each advance.

2. COLLATERAL

Borrower will provide the following collateral:

- A. Deed of Trust/Mortgage on real estate located at 90 ESTATE WHIM, FREDERIKSTED, VI 00840.
(1) This security instrument to be executed by LAURA BRICE.

3. REQUIREMENTS RELATIVE TO COLLATERAL

- A. Borrower will submit to SBA evidence of SBA's recorded lien position and of payment of appropriate fees prior to the disbursement of Loan funds in excess of \$25,000.00. Such evidence will be in a form satisfactory to SBA Counsel and will be at Borrower's expense.
- B. Borrower will not sell or transfer any collateral described in paragraph 2 hereof without the prior written consent of SBA.
- C. Borrower will neither seek nor accept future advances under any superior liens on the collateral securing this Loan without the prior written consent of SBA.

4. USE OF LOAN PROCEEDS

Borrower will use the proceeds of this Loan solely to rehabilitate or replace property of Borrower, damaged or destroyed by disaster occurring in the month of SEPTEMBER, 2017. Borrower will apply all Loan proceeds to the following specific uses:

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A. Property located at 90 ESTATE WHIM, FREDERIKSTED, VI 00840:

- (1) Approximately \$34,000.00 to repair/replace disaster damaged personal property (excluding motor vehicles) in similar kind and quantity.
- (2) Approximately \$6,000.00 to repair/replace disaster damaged motor vehicle.
- (3) Approximately \$74,500.00 to repair/replace disaster damaged real estate.
- (4) Approximately \$7,200.00 to repair/replace other disaster damaged land improvements, including items such as fence, driveway, septic system, etc.

5. REQUIREMENTS FOR USE OF LOAN PROCEEDS AND RECEIPTS

- A. Borrower will obtain and itemize receipts (paid receipts, paid invoices or cancelled checks) and contracts for all Loan funds spent and retain these receipts for 3 years from the date of the final disbursement. Prior to each subsequent disbursement (if any) and whenever requested by SBA, Borrower will submit to SBA such itemization together with copies of the receipts.
- B. Borrower will make the damaged, repaired or replacement property(ies) available to SBA for inspection and verification of the use of Loan proceeds when so requested.
- C. Borrower will return to SBA, as soon as possible but not later than 1 year from the date of final disbursement, all funds received but not used for disaster repairs as authorized by the above paragraph. Funds so returned will be used to reduce the outstanding balance of this Loan and will not be applied in lieu of scheduled payments.
- D. Borrower will not use any proceeds of this Loan to pay wages or any other compensation for repair work performed by Borrower or members of Borrower's immediate family, or to pay overhead or profit for repairs performed by, or materials acquired from, a business in which Borrower owns a 50% or greater interest.
- E. Borrower will not use, directly or indirectly, any portion of the proceeds of this Loan to relocate without the prior written permission of SBA. The law prohibits the use of any portion of the proceeds of this Loan for voluntary relocation from the business area in which the disaster occurred. To request SBA's prior written permission to relocate, Borrower will present to SBA the reasons therefore and a description or address of the relocation site. Determinations of (1) whether a relocation is voluntary or otherwise, and (2) whether any site other than the disaster-affected location is within the business area in which the disaster occurred, will be made solely by SBA.
- F. Borrower will, to the extent feasible, purchase only American-made equipment and products with the proceeds of this Loan.
- G. Borrower will make any request for a loan increase for additional disaster-related damages as soon as possible after the need for a loan increase is discovered. The SBA will not consider a request for a loan increase received more than two (2) years from the date of the original Loan Authorization and Agreement unless, in the sole discretion of the SBA, there are extraordinary and unforeseeable circumstances beyond the control of the borrower.

6. DEADLINE FOR RETURN OF LOAN CLOSING DOCUMENTS

Borrower will sign and return the loan closing documents to SBA within 2 months of the date of this Loan Authorization and Agreement. By notifying the Borrower in writing, SBA may cancel this Loan if the Borrower fails to meet this requirement. The Borrower may submit and the SBA may, in its sole discretion, accept documents after 2 months of the date of this Loan Authorization and Agreement.

7. AGREEMENT TO REMIT AND ASSIGNMENT OF COMPENSATION FROM OTHER SOURCES

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- A. Eligibility for this disaster Loan is limited to disaster losses that are not compensated by other sources. Other sources include but are not limited to: (1) proceeds of policies of insurance or other indemnifications, (2) grants or other reimbursement (including loans) from government agencies or private organizations, (3) claims for civil liability against other individuals, organizations or governmental entities, and (4) salvage (including any sale or re-use) of items of damaged property.
- B. Borrower will promptly notify SBA of the existence and status of any claim or application for such other compensation, and of the receipt of any such compensation, and Borrower will promptly submit the proceeds of same (not exceeding the outstanding balance of this Loan) to SBA.
- C. Borrower hereby assigns to SBA the proceeds of any such compensation from other sources and authorizes the payor of same to deliver said proceeds to SBA at such time and place as SBA shall designate.
- D. SBA will in its sole discretion determine whether any such compensation from other sources is a duplication of benefits. SBA will use the proceeds of any such duplication to reduce the outstanding balance of this Loan, and Borrower agrees that such proceeds will not be applied in lieu of scheduled payments.

8. REQUIREMENTS FOR REAL ESTATE CONSTRUCTION OR REPAIR

- A. Borrower will not use lead-based paint on any interior surface of any residential structure, and those exterior surfaces of residential structures such as stairs, porches, windows, and doors, which are readily accessible to children under 7 years of age. If lead-based paint is improperly used, the Borrower will be required to remove the paint and repaint the affected area at the Borrower's expense.

When requested, Borrower will submit evidence satisfactory to SBA that all insurance proceeds and other funds received for disaster damages to the real estate (including any other funds necessary to complete the construction/repair/mitigation project) have been spent for the repair or replacement of the disaster damaged real estate. (The terms and conditions of any borrowed funds must be approved by the SBA.)

- B. Prior to any disbursement of Loan funds in excess of \$50,000.00 for real estate (including any manufactured housing) construction, repair, or mitigation for a specific structure, Borrower will submit a construction plan (which may include contract(s), bids, estimates, proposals, and quotes) supporting the total project cost for the repair/construction/mitigation work satisfactory to SBA. Borrower should demonstrate the availability of any additional funds needed in excess of the SBA loan amount for a specific damaged structure. (The terms and conditions of any borrowed funds must be approved by the SBA.)
- C. Prior to any disbursement of Loan funds for real estate (including any manufactured housing) construction, repair, or mitigation, Borrower will execute and submit an Agreement of Compliance (SBA Form 601).

9. DUTY TO MAINTAIN INSURANCE

- A. Prior to disbursement of Loan funds in excess of \$25,000.00, Borrower will purchase (make application and pay initial premium for) hazard insurance, including fire, lightning, and extended coverage. The coverage must adequately cover the structure, materials and equipment during any repairs to a disaster damaged property. Amount of coverage will be equal to 80% of the insurable value of each property or the minimum coinsurance requirement set forth in the insurance policy provided by Borrower, whichever is greater, or such other amounts and types of coverage as SBA may require on the properties located at:

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COVERAGE TYPE – Hazard**ADDRESS**9Q ESTATE WHIM
FREDERIKSTED, VI 00840**PROPERTY TYPE**All insurable real property (including any
manufactured housing), Contents**COVERAGE TYPE – Windstorm****ADDRESS**9Q ESTATE WHIM
FREDERIKSTED, VI 00840**PROPERTY TYPE**All insurable real property (including any
manufactured housing), Contents

Borrower will provide proof of such hazard insurance coverage to SBA. For any of the properties listed above that are also specified as collateral for this Loan, the SBA will be named as mortgagee or loss payee. **BORROWER MAY NOT BE ELIGIBLE FOR EITHER ANY FUTURE DISASTER ASSISTANCE OR SBA FINANCIAL ASSISTANCE IF THIS INSURANCE IS NOT MAINTAINED AS STIPULATED HEREIN THROUGHOUT THE ENTIRE TERM OF THIS LOAN.**

10. OTHER CONDITIONS

- A. Prior to disbursement of any Loan funds, Borrower will submit an agreement waiving eligibility to apply for an SBA disaster Loan which would duplicate this Loan. The Waiver of Eligibility will be signed by:
 - (1) LAURA BRICE
- B. Prior to disbursement of Loan funds in excess of \$25,000.00, SBA must verify your total loss/damage. SBA will complete an on-site verification of the disaster damage or you may submit documentation reflecting total loss/damage from the disaster (which may include but is not limited to contracts, bids, estimates, proposals, receipts, quotes, etc., acceptable to SBA).
- C. Prior to any disbursement of Loan funds for a motor vehicle, the Borrower must submit proof of ownership and evidence the motor vehicle was damaged as a result of the disaster (which may include repair estimate, towing receipt, or a Proof/Statement of Loss from the insurance company; subject to review and acceptance by SBA).

11. BORROWER'S CERTIFICATIONS

Borrower certifies that:

- A. There has been no substantial adverse change in Borrower's financial condition (and organization, in case of a business borrower) since the date of the application for this Loan. (Adverse changes include, but are not limited to: judgment liens, tax liens, mechanic's liens, bankruptcy, financial reverses, arrest or conviction of felony, etc.)
- B. No fees have been paid, directly or indirectly, to any representative (attorney, accountant, etc.) for services provided or to be provided in connection with applying for or closing this Loan, other than those reported on SBA Form 5C, "Disaster Home Loan Application"; or SBA Form 159, "Compensation Agreement". All fees not approved by SBA are prohibited.
- C. All representations in the Borrower's Loan application (including all supplementary submissions) are true, correct and complete and are offered to induce SBA to make this Loan.
- D. No claim or application for any other compensation for disaster losses has been submitted to or requested of any source, and no such other compensation has been received, other than that which Borrower has fully disclosed to SBA.

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- E. Neither the Borrower nor, if the Borrower is a business, any principal who owns at least 50% of the Borrower, is delinquent more than 60 days under the terms of any: (a) administrative order; (b) court order; or (c) repayment agreement that requires payment of child support.
- F. Borrower certifies that no fees have been paid, directly or indirectly, to any representative (attorney, accountant, etc.) for services provided or to be provided in connection with applying for or closing this Loan, other than those reported on the Loan Application. All fees not approved by SBA are prohibited. If an Applicant chooses to employ an Agent, the compensation an Agent charges to and that is paid by the Applicant must bear a necessary and reasonable relationship to the services actually performed and must be comparable to those charged by other Agents in the geographical area. Compensation cannot be contingent on loan approval. In addition, compensation must not include any expenses which are deemed by SBA to be unreasonable for services actually performed or expenses actually incurred. Compensation must not include charges prohibited in 13 CFR 103 or SOP 50-30, Appendix 1. If the compensation exceeds \$500 for a disaster home loan or \$2,500 for a disaster business loan, Borrower must fill out the Compensation Agreement Form 159D which will be provided for Borrower upon request or can be found on the SBA website.
- G. The Borrower(s) are the owner(s) of and hold legal title to certain real estate property fully described in Section 2 - Collateral. Said premises are in my/our possession, and my/our title thereto has never been disputed or questioned as to any part thereof. Said premises are free of all mortgages, taxes, assessments, liens, encumbrances, and claims, or interest of any other party, except as listed in Section 2 of this document. There are no actions pending affecting said real property.

12. CIVIL AND CRIMINAL PENALTIES

- A. Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 636(b). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines, imprisonment or both, under 15 U.S.C. 645, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3571, and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 31 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

13. RESULT OF VIOLATION OF THIS LOAN AUTHORIZATION AND AGREEMENT

- A. If Borrower violates any of the terms or conditions of this Loan Authorization and Agreement, the Loan will be in default and SBA may declare all or any part of the indebtedness immediately due and payable. SBA's failure to exercise its rights under this paragraph will not constitute a waiver.
- B. A default (or any violation of any of the terms and conditions) of any SBA Loan(s) to Borrower and/or its affiliates will be considered a default of all such Loan(s).

14. DISBURSEMENT OF THE LOAN

- A. Disbursements will be made by and at the discretion of SBA Counsel, in accordance with this Loan Authorization and Agreement and the general requirements of SBA.
- B. Disbursements may be made in increments as needed.
- C. Other conditions may be imposed by SBA pursuant to general requirements of SBA.
- D. Disbursement may be withheld if, in SBA's sole discretion, there has been an adverse change in Borrower's financial condition or in any other material fact represented in the Loan application, or if Borrower fails to meet any of the terms or conditions of this Loan Authorization and Agreement.

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- E. NO DISBURSEMENT WILL BE MADE LATER THAN 6 MONTHS FROM THE DATE OF THIS LOAN AUTHORIZATION AND AGREEMENT UNLESS SBA, IN ITS SOLE DISCRETION, EXTENDS THIS DISBURSEMENT PERIOD.

15. PARTIES AFFECTED

- A. This Loan Authorization and Agreement will be binding upon Borrower and Borrower's successors and assigns and will inure to the benefit of SBA and its successors and assigns.

16. DATE

- A. This Loan Authorization and Agreement is approved and issued on January 9, 2018.

Administrator

Linda E. McMahon

James E. Rivera

James E. Rivera

Associate Administrator

U.S. Small Business Administration

The undersigned agree(s) to be bound by the terms and conditions herein during the term of this Loan, and further agree(s) that no provision stated herein will be waived without prior written consent of SBA.

Individual Execution:

Eric C. Brice

ERIC C. BRICE, INDIVIDUALLY

2/21/18

Date

ORIGINAL